RAKSUL (4384 JP)

Realization of M&A Expertise Through Contributions to ROIC Improvement

Executive Summary

27 August 2025

Capital Growth Strategies Co., Ltd.
Team Research
research@capital-gs.co.jp

RAKSUL INC. (4384 JP)

Share Price (26 August 2025）	JPY 1,321
Market Cap	US$ 530 million

FY (July-end)	F25E	F26E	F27E	F28E
Cash EPS	68	73	103	141
Cash P/E	19x	18x	13x	9x
EV/EBITDA	14.5x	11.3x	8.1x	5.7x
P/B	4.8x	4.0x	3.2x	2.6x
Dividend Yield	0.2%	0.2%	0.4%	0.6%
Cash ROIC	18%	20%	24%	28%
ROE	17%	16%	21%	25%
Adj. FCF Conv.*	80%	68%	69%	75%
Incremental ROI**	35%	-14%	36%	53%

* Adj. FCF Conversion = FCF ÷ Net Profit (non-GAAP)
**Incremental ROI = Incremental Change in FCF ÷ Incremental Change in Invested Capital

The initial report on RAKSUL released on March 31, 2025, received significant attention and a wide range of feedback from investors. Among the responses, there were specific requests to analyze the company's M&A performance. This follow-up report addresses that request through the lens of four key points: ① RAKSUL's M&A efforts have been successful and are playing an increasingly significant role in the company's ROIC improvement story; ② the trajectory and success factors of Danball One, which laid the foundation for the company's PMI capabilities; ③ the strong contributions of companies that joined the group through M&A in FY2024, as well as the reasonable valuations of the FY2025 M&A deals; ④ the anticipated recovery in revenue momentum from Q4 of FY2025 onward. The inclusion of point ④ reflects our view that the market's recognition of the ROIC improvement story may be partially offset by concerns over decelerating top-line growth. Lastly, based on the earnings trend up through Q3 FY2025, we have made minor adjustments to the CGS earnings forecast model.

The conclusions of this report are as follows:

1） **RAKSUL's M&A performance has been strong and is contributing to the improvement of ROIC.** Based on CGS estimates, Cash ROIC for the fiscal year ending July 2025 is projected to be 18% (or approximately 10% on a basis that includes cash and deposits in invested capital). The companies that joined the group through M&A are estimated to be generating ROIC levels exceeding this consolidated average, making a significant contribution starting from FY2025.

2） **The success of Danball One laid the foundation for RAKSUL's PMI capabilities and has contributed to the strong performance of M&A deals executed since FY2024.** In the case of Danball One, RAKSUL deployed a significant number of internal personnel from the outset and adopted a hands-on support approach focused on talent development, which led to a successful PMI. The know-how and PMI talent cultivated through this process have been instrumental in driving the success of subsequent acquisitions. The companies that joined the group through M&A in FY2024 have doubled their EBITDA, and their EV/EBITDA multiples have expanded to around 3x. M&A transactions in FY2025 have also been executed at reasonable valuations (excluding Peraichi).

3）**The slowing organic growth rate is expected to regain momentum starting in Q4 of FY2025.** Until Q3, marketing activities had been intentionally restrained due to the ongoing ID integration with Danball One. From Q4 onward, a rebound is anticipated, supported in part by contributions from RAKSUL's DM (Direct Mail) service.

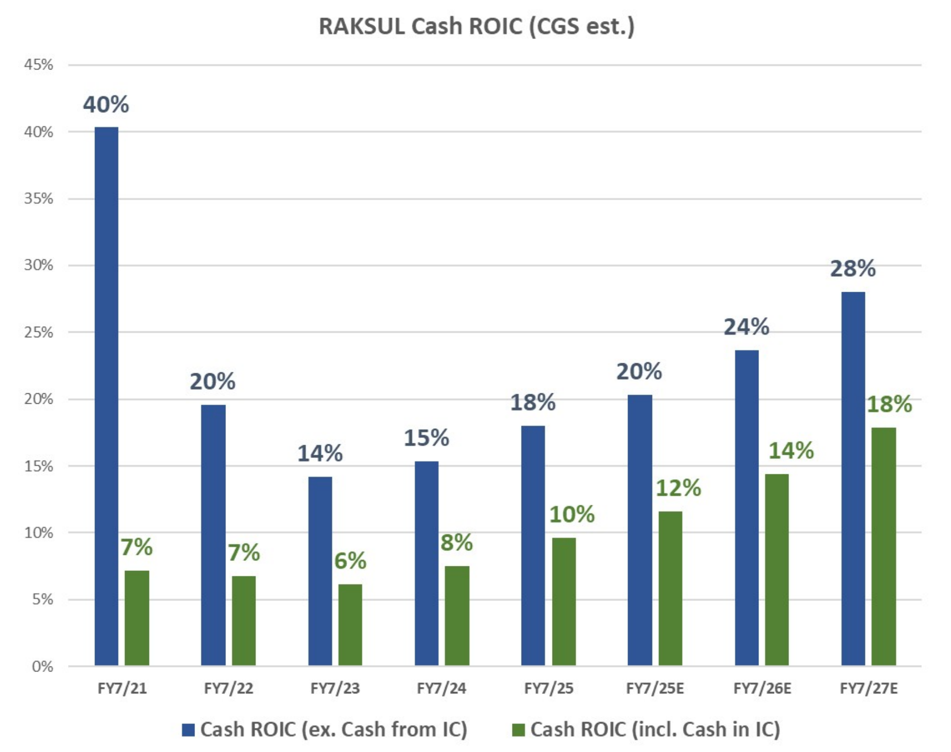
4）**Recognizing the success of RAKSUL's M&A efforts enhances the credibility of its Cash ROIC improvement story and, in our view, increases the likelihood of future valuation expansion.**

① RAKSUL's M&A performance has been strong, contributing to ROIC improvement starting in FY2025

In the initial report published in March 2025, we highlighted RAKSUL's strong execution capabilities in M&A as a key attraction. We also outlined an equity story in which the company's Cash ROIC—having deteriorated over the past few years—was expected to enter a recovery cycle, aiming for a medium-term level of 25–28%. In this report, we aim to deepen the understanding of RAKSUL's equity story by presenting numerical evidence that M&A is indeed contributing to the improvement of Cash ROIC.

Exhibit 1 shows the historical trend and CGS forecast for RAKSUL's Cash ROIC, serving as a reaffirmation of the company's ROIC improvement story. While the initial report included only the Cash ROIC excluding cash and deposits, this update also presents the pre-cash deduction Cash ROIC figure to facilitate comparison with the contribution from M&A. Both metrics show an improving trend since bottoming out in the fiscal year ended July 2023. For the denominator in the Cash ROIC calculation—NOPAT (Net Operating Profit After Tax)—we use non-GAAP operating profit, excluding goodwill amortization and SBC (stock-based compensation) expenses.

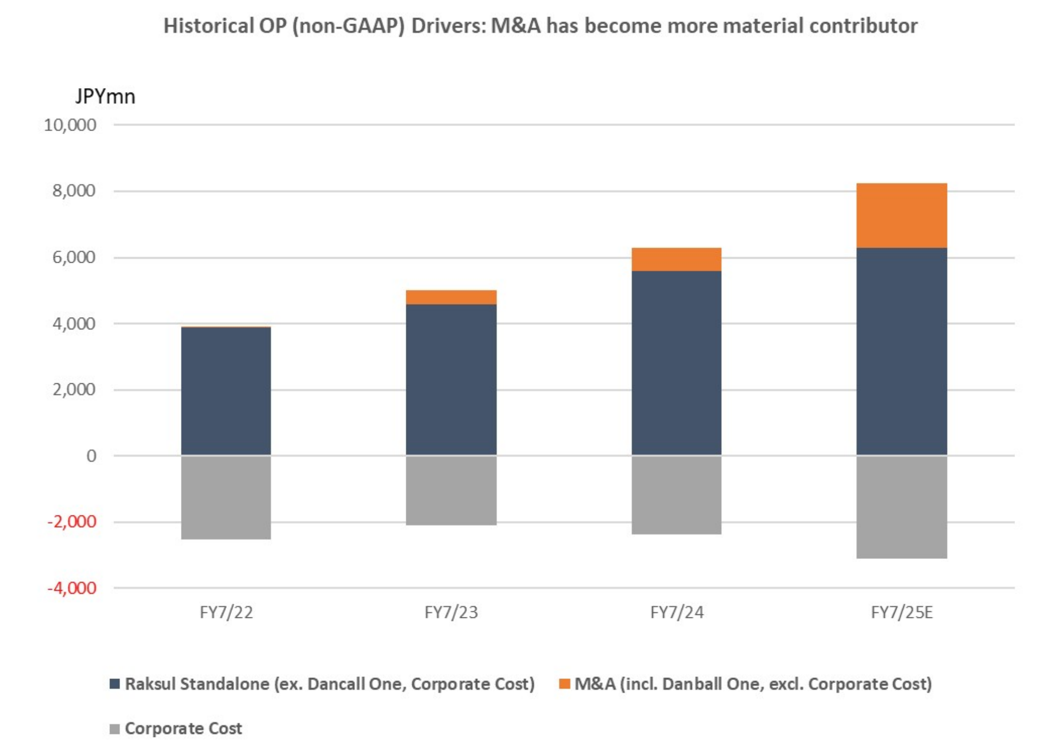
Ex. 1: RAKSUL's Cash ROIC Showing an Improving Trend



Source: CGS estimates

The orange segment in Exhibit 2 represents CGS's estimated contribution to non-GAAP operating profit from M&A. Up to FY2023, the estimate was calculated by subtracting standalone operating profit from consolidated operating profit. For FY 2024, we added CGS's estimated profit for Danball One—absorbed into the parent company as of FY2024—to this difference. Figures for FY2025 are based on CGS forecasts. As these are CGS estimates, there is a margin of error (for example, how shared corporate overhead from Danball One is allocated), so we encourage readers to focus on the trend rather than the exact numbers. What is clear, however, is that starting in FY2025, profits from M&A are contributing significantly. This is primarily due to profit recovery at Danball One and strong contributions from the five companies acquired in FY2024.

Ex. 2: Estimated Trend of M&A-Contributed Operating Profit (Non-GAAP)



Source: CGS – Based on Company Material

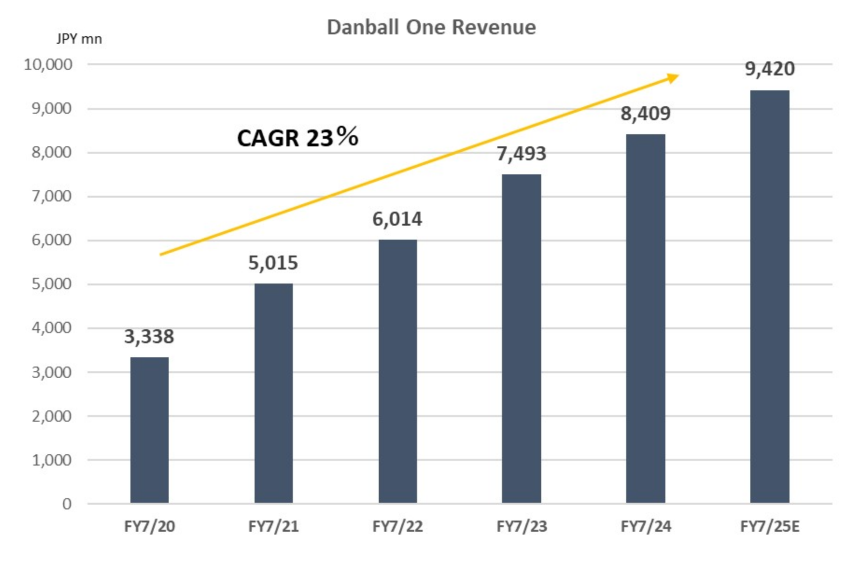
We also attempted to estimate a standalone ROIC for the M&A deals. As of the end of FY2024, the invested capital of the acquired group companies is estimated to be slightly over ¥10 billion. This figure is derived by subtracting standalone from consolidated values for working capital, tangible fixed assets, and intangible fixed assets excluding goodwill, and then adding back goodwill—arriving at ¥10.3 billion. Including Danball One's fixed assets (absorbed into the parent), the total reaches approximately ¥10.5 billion. Considering that goodwill will decline by over ¥1 billion in FY2025 due to amortization, the invested capital of acquired companies as of the end of FY2025 is likely to fall below ¥10 billion. On average, we estimate it at around ¥10 billion. On the other hand, NOPAT calculated from the M&A-contributed non-GAAP operating profit shown in Exhibit 2 is approximately ¥1.2 billion. Cash ROIC stands at 12% (on a basis that includes cash and deposits in invested capital), exceeding the consolidated Cash ROIC of 10% on the same basis. As discussed later, this outperformance is supported by strong post-merger profit expansion among acquired companies, driven by effective PMI execution, as well as by the fact that acquisitions since FY2024 have been conducted at reasonable valuations. Furthermore, given that earnings growth at the acquired companies is expected to continue, their contribution should remain meaningful into FY2026 and beyond.

② Danball One as a Model Case of Successful PMI and Growing Profit Contribution

Understanding the success factors behind Danball One—the first and largest investment in RAKSUL's M&A history—is essential to evaluating the company's overall M&A performance. In this section, we first outline Danball One's earnings trajectory, followed by a summary of the PMI approach that led to its successful integration.

Danball One's revenue has grown steadily since RAKSUL acquired a 49.9% stake in December 2020. Revenue was ¥3.3 billion in FY2020, and the forecast for FY2025 stands at ¥9.4 billion. This represents an average annual growth rate of 23% over the five-year period. Danball One's contribution to earnings has also increased over time. The company became a wholly owned subsidiary and was consolidated in February 2022, and was later absorbed into the parent company in August 2023, making direct year-over-year profit comparisons difficult. However, the overall improvement trend is evident. While Danball One posted an operating loss in FY2022 (its first year of consolidation), it turned profitable in FY2023. For FY2025, its non-GAAP operating margin (before allocation of corporate overhead) is estimated to have reached approximately 10%.

Ex. 3: Danball One Revenue Trend (FY2025 Figures are CGS Estimates)



Source: CGS – Based on Company Material

A total of ¥4.5 billion was invested in Danball One—¥2.0 billion in December 2020, an additional ¥2.0 billion in February 2022, and ¥0.5 billion as an earn-out payment (based on performance, paid in Q1 of FY2025). On a pre-headquarters cost basis, roughly half of the investment has already been recovered through cash flow.

Danball One is also delivering solid returns in terms of ROIC. As of the end of FY2024, goodwill related to Danball One stood at ¥4.1 billion, and is estimated to decline to ¥3.3 billion by the end of FY2025, with an average of approximately ¥3.7 billion. Including fixed assets (which are limited due to the company's fabless EC platform model) and working capital, total invested capital is estimated at around ¥4.0 billion. Based on pre-headquarters cost figures, Cash ROIC is estimated at approximately 15–16%. Even assuming that corporate overhead accounts for 5% of sales (in line with the group average), Cash ROIC would still exceed 8%. Looking ahead to FY2026 and beyond, further goodwill amortization and increased profitability—supported by the integration of Danball One into the RAKSUL ID ecosystem—are expected to drive continued improvement in Cash ROIC.

Next, we turn to an overview of the post-merger integration (PMI) of Danball One. The company's history is outlined in Exhibit 4. Mr. Toshihiro Tsuji launched the cardboard EC business within Noto Shiki and transitioned to a marketplace-style EC model in 2010. In 2016, he led an MBO to establish independence and grew the company into the market leader in cardboard e-commerce, with a 50% share. However, during the COVID-19 pandemic, a surge in demand overwhelmed the company's personnel-dependent operations, resulting in an employee turnover rate exceeding 50%. In response, Danball One accepted investment from RAKSUL, a company with a similar business model and stronger operational infrastructure and human capital, in hopes of accelerating its growth.

Ex. 4: History of Danball One

2005	Mr. Toshihiro Tsuji, founder of Danball One, sold a food e-commerce business he had launched while still a university student within one year. He then joined Noto Paperware, a cardboard manufacturer in Ishikawa Prefecture (with 5 employees), aiming to reform inefficiencies in the cardboard industry.
2006	Began an experimental initiative to "sell cardboard online." Initial six-month sales were only ¥7,000, but the introduction of a single-unit ordering system and automated quotation tools gradually increased the user base.
2009	Formally established Danball One Co., Ltd. as a new business unit of Marutama Industries.
2010	Launched the marketplace-style e-commerce site "Danball One," marking the full-scale start of online cardboard sales.
2014	Introduced features such as customized quotations and same-day shipping, accelerating growth.
2016	Mr. Tsuji executed a management buyout (MBO) and re-launched the company as an independent business.
2020	RAKSUL acquired a 49.9% stake in Danball One, making it an equity-method affiliate.
2022	RAKSUL made Danball One a wholly owned subsidiary; leadership transitioned from Mr. Tsuji to Mr. Watanabe.
2023	RAKSUL completed the absorption-type merger of Danball One.

Source: CGS – Based on Company Material

The success of Danball One's PMI can be attributed to several key factors: ① RAKSUL deployed a significant number of its own personnel from the early stages of the investment; ② the company adopted a support-oriented PMI approach centered on talent development, emphasizing a collaborative, dialogue-based process rather than a top-down imposition; and ③ given the similarity in business models, RAKSUL's expertise was readily transferable to Danball One. As shown in Exhibits 5 and 6, more than ten RAKSUL talents were assigned post-investment. The initial focus was on organizational and talent structure development, along with operational visualization. The company evolved from a highly personalized, top-down management style to a more transparent and replicable model, which enabled productivity improvements and supply chain optimization that reduced costs. Once the organizational restructuring was on track, attention shifted to expanding revenue through enhanced marketing and product line expansion.

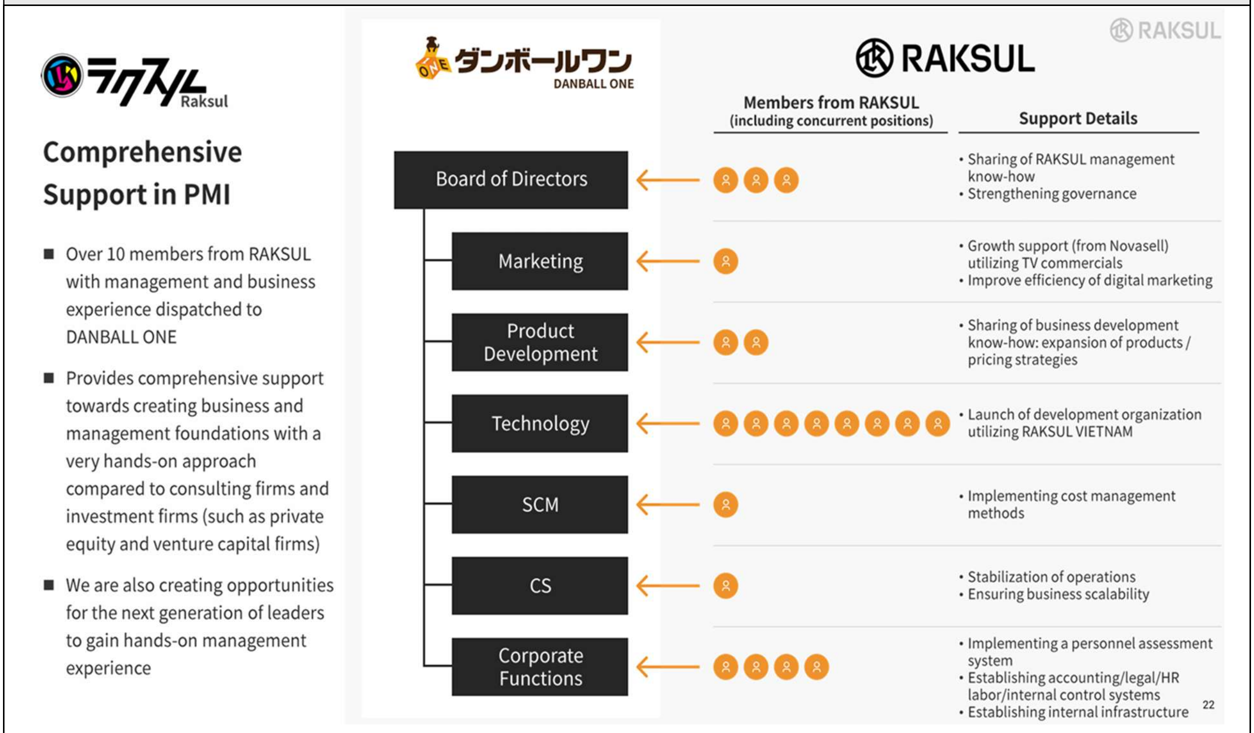
The success of Danball One's PMI has led to the development of a strong pool of PMI talent, many of whom are now making significant contributions to the wave of M&A activity that has accelerated since FY2024. Mr. Ken Watanabe, who succeeded Mr. Tsuji as President of Danball One, now serves as the General Manager of the entire Procurement Platform Division. In this role, he oversees SCM, PMI, and the broader operations of the business, playing a key leadership role within the organization.

Ex. 5: Overview of Danball One's PMI Initiatives

Category	Initiative	Details
① Rebuilding Management Structure and Introducing Team-Based Governance	Management Integration Design	Transitioned from "top-down management" to "team-based management," moving toward a multi-leader structure.
	Executive Dispatch	Mr. Ken Watanabe was appointed as President & CEO from RAKSUL, and Mr. Harunori Kinoshita was dispatched as COO. They became the core of the executive team, promoting organizational integration and growth strategies.
	HR System Reform	HR focused on organizational restructuring, value alignment, and improving employee retention—resulting in a significant decrease in turnover rate.
② Strengthening Organizational and HR Framework	Organizational Culture Integration	Aligned mission, values, and evaluation systems between RAKSUL and Danball One to promote organizational unification.
	New Hiring Push	Hired startup-type talent such as engineers and marketers to build multifunctional teams.
	KPI Management Foundation	Introduced KPI design and quantitative performance management across business development, marketing, and operations to drive continuous improvement.
③ Marketing and Product Expansion	Enhancing Marketing Capabilities	Leveraged RAKSUL's TV commercials and digital advertising resources. Expanded product lineup from an initial 300–400 items to around 6,000, and ultimately to approximately 60,000 items including packaging and related products.
	Product Development Support	Improved planning and assortment using RAKSUL's expertise, significantly enhancing responsiveness to niche customer needs.
	New Feature Development	Introduced IT tools for order UX, inventory integration, and operations management, maximizing efficiency and customer convenience.
④ Supply Chain / Operations Integration	Shared Manufacturing & Logistics Resources	Achieved economies of scale by jointly sourcing packaging materials and tapes, and integrating warehouse and delivery channels (including inventory).
	Strengthening Cloud-Based Operations	Partially implemented RAKSUL's automated order-to-production-to-shipping system to reduce manual labor dependency. Introduced cost control methods.

Source: CGS – Based on Company Material

Ex. 6: Support Structure in Danball One's PMI

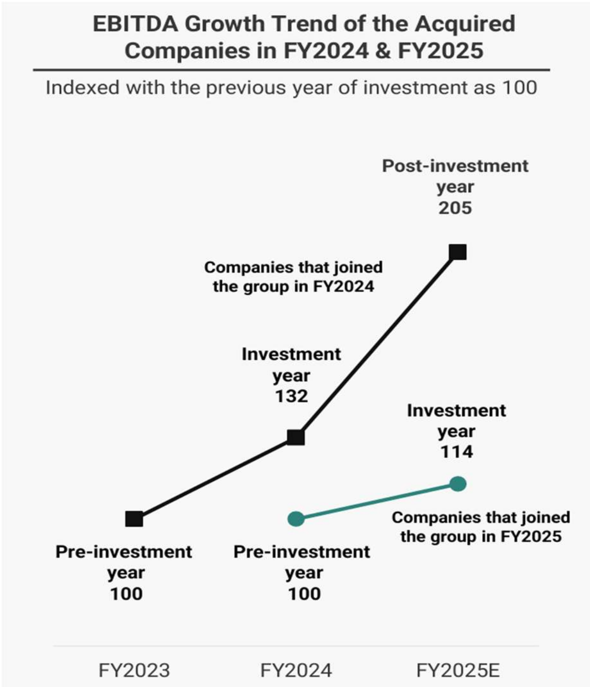


Source: CGS – Based on Company Material

③ The five companies acquired in FY2024 have made strong profit contributions and exhibit high ROIC. The M&A deals announced in FY2025 have also been executed at highly reasonable valuations.

The PMI performance of the five companies acquired in FY2024—Raksul Factory, AmidA Holdings, Wild Side, A-Link Service, and Antoo—has been solid. Including Peraichi, which was also consolidated, the combined EBITDA of these six companies is expected to more than double by FY2025 (see Exhibit 7). Excluding Peraichi, which remains in operating deficit, the FY2025 forecasted EBITDA for the remaining five companies implies an EV/EBITDA multiple of just under 3x (based on cash-flow-based investment amounts). According to CGS estimates, the combined Cash ROIC of these five companies is projected to reach 12–13% in FY2025. While part of this performance can be attributed to the inclusion of Raksul Factory, which is vertically integrated and thus more synergy-prone, we believe that the talent and know-how cultivated through the successful PMI of Danball One have played a key role in realizing early-stage integration benefits across these newly acquired businesses.

Ex. 7: EBITDA Performance of Companies Acquired Over the Past Two Years



Source: Company Material

In FY2025, RAKSUL announced four acquisitions. In November 2024, it acquired a print brokerage company, followed by the acquisition of All Market, a web marketing agency, in January 2025. However, the combined investment amount for these two companies, as reported in the cash flow statement for Q2 FY2025, was only ¥40 million (calculated as the purchase price minus the cash and deposits held by the acquired companies), suggesting that the impact on goodwill is minimal. As such, the effect on earnings and ROIC is expected to be limited. As shown in Exhibit 8, two additional acquisitions are scheduled: Mailing Japan (a direct mail delivery business) in July 2025, and Marutama and Marutama Well (manufacturers and sellers of custom paper bags) in August 2025. Although the purchase prices have not been disclosed, the total investment for these three companies, based on the cash flow statement, is estimated to be in the low hundreds of millions of yen, implying very reasonable valuations. Mailing Japan operates as an agency for Japan Post and is expected to reduce direct mail costs for the RAKSUL Group by ¥40–100 million, according to company estimates. The investment is expected to be recovered within 1–2 years. Marutama is projected to generate approximately ¥70 million in EBITDA and is a cash-rich company, suggesting a low EV/EBITDA multiple. Combined, the one-year forward EV/EBITDA for both companies is expected to be around 3x. Additionally, the acquisition of Marutama qualifies for Japan's SME group restructuring tax regime (specifically, the tax reserve for small and medium-sized enterprise reorganization investment losses). Under this program, 90% of the acquisition cost can be set aside as a reserve for 10 years and deducted from taxable income in the first year, reducing the tax burden accordingly. As a result, the effective acquisition cost is lower in terms of first-year cash flow. Note, however, that the reserve is reversed over five years starting in year 11, so there is no net tax benefit over a 15-year horizon. Furthermore, the reserve does not appear on the balance sheet and has no impact on the P&L; it only reduces the tax burden shown under operating cash flows in the cash flow statement. Therefore, the only positive impact on Cash ROIC over the 10-year period is through retained cash.

On the other hand, in March 2025, RAKSUL executed the full acquisition of Peraichi, increasing its stake from 39.7% to 100%. According to the company's securities report, the acquisition cost was ¥1.88 billion. Combined with the initial ¥490 million investment made in September 2020, the total investment amounts to ¥2.37 billion. The additional shares were purchased from SMBCCP, which had invested in Peraichi in April 2023. Since Peraichi was already consolidated, the additional investment does not generate new goodwill; instead, it is reflected on the balance sheet as a reduction in capital surplus. Therefore, the only negative impact on Cash ROIC comes from the decrease in cash and deposits. Peraichi is expected to remain in operating deficit through FY2025. However, the company has already achieved monthly profitability, and full-year profitability is anticipated for FY2026.

Ex. 8: Overview of Marutama and Mailing Japan Acquisitions

RAKSUL

3 New Subsidiaries

- We plan to acquire shares of Marutama Co., Ltd., Marutama Wel Co., Ltd., and Mailing Japan Co., Ltd. for the purpose of product development and supply enhancement of our procurement platform
- The acquisition of Marutama Co shares is subject to a special corporate restructuring plan approved by the Ministry of Economy, Trade and Industry under Act on Strengthening Industrial Competitiveness, and is eligible for the tax system for medium-sized and small business groups (small and medium-sized business restructuring investment loss reserves)

	Marutama Co., Ltd. Marutama Wel Co., Ltd.	Mailing Japan Co., Ltd.
Business Overview	- Production and sales of original paper bags - Operation of Type A continuous employment support business	- Direct mail fulfillment via "Yu-mail" (agent for Japan Post Co., Ltd.) - Address printing, sealing and enclosing of mails
Purpose	**Market Penetration/ Product Development** - To strengthen manufacturing and sales functions of paper handbags, which have high customer affinity with corrugated cardboard - To acquire expertise in employment support business for people with disabilities and promote employment of people with disabilities throughout the entire RAKSUL Group	**Supply Enhancement** - To acquire operational functions and know-how to handle everything from direct mail printing to shipping within the group
Impact on Business Performance	- Consolidated to procurement platform from August 2025 - Revenue growth through stable customer base - Contribution to consolidated results for FY2026 is expected to be about JPY 900MM in revenue, JPY 300MM in gross profit, and JPY 70MM in EBITDA	- Consolidated to procurement platform from July 2025 - Expected to contribute around JPY 40-100MM per year to gross profit - Acquisition-related expenses are expected to be recorded in the 4Q of this fiscal year amounting to approximately JPY 30MM

Source: Company Material

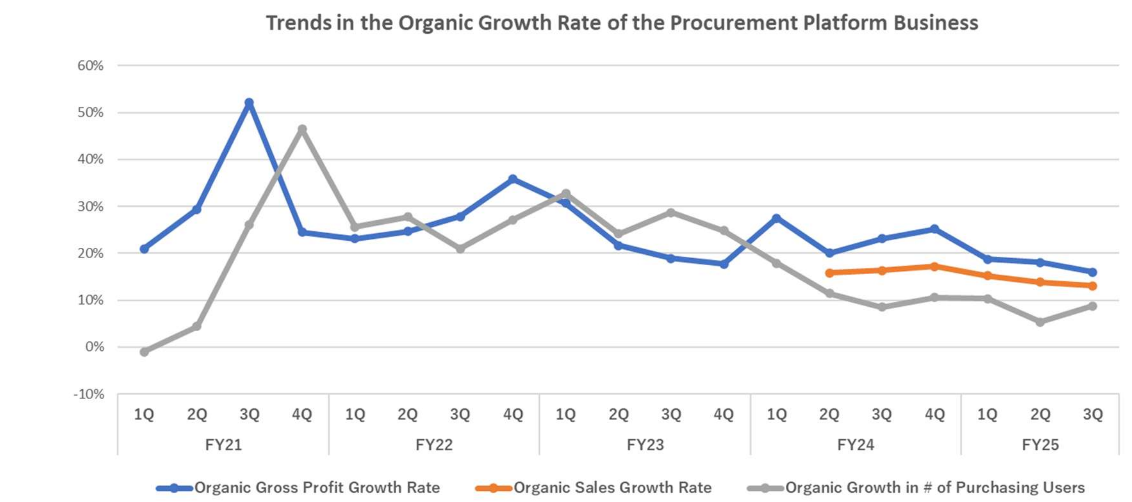
On July 22, 2025, the acquisition of FUSION Inc. (a digital marketing-focused advertising agency with net sales of ¥990 million and a negative EBITDA of ¥49 million; acquisition price undisclosed) was announced. However, due to the lack of detailed information, this report does not cover the transaction.

④ Revenue Momentum Expected to Improve from Q4 Onward

CGS believes that improvements in metrics such as Cash ROIC—driven in part by the effects of M&A—are positively contributing to valuation. However, we also recognize the possibility that the slight deceleration in organic growth for the fiscal year ending July 2025 may be increasingly perceived as a risk by the market. This is primarily due to a gradual slowdown in the organic revenue growth rate of the Procurement Platform segment, despite the rapid growth of RAKSUL Enterprise. One significant factor behind this deceleration is the company’s cautious marketing strategy, which prioritized ROI over aggressive spending prior to the completion of ID integration with Danball One (finalized in Q3 FY2025). Going forward, CGS believes there is a high likelihood that the organic revenue growth rate of the Procurement Platform business will begin to improve starting from Q4 of FY2025. Several factors are expected to drive this momentum: ① an anticipated increase in cross-selling initiatives with Danball One supported by stronger marketing efforts; ② the launch of RAKSUL DM Service, which offers low-cost, quick-turnaround direct mail solutions—projected to add approximately 1 percentage point to growth in Q4; and ③ contributions from the new "Personalized DM" service. If this revenue momentum rebound materializes, it could serve as a positive catalyst for valuation re-rating.

“Personalized DM” is a direct mail (DM) service that tailors content based on customer data and behavioral history. It is the first service in the industry capable of automatically selecting the most suitable format from approximately 30 options—including standard postcards, pressure-sealed postcards, and gift-attached DMs. Each DM includes a unique QR code, allowing real-time tracking of recipient engagement, with access data instantly shared with the sales team. This feature enables visibility into customer response and facilitates timely sales follow-up. A key differentiator is the service’s ability to integrate with CRM (Customer Relationship Management) systems, enabling advanced targeting and automation of marketing actions. “Personalized DM” is a data-driven, custom-tailored direct mail solution that stands in stark contrast to traditional “mass-distribution” paper-based DMs.

Ex. 9: Organic Growth Rate Trend of the Procurement Platform Business



(Note 1) FY2025 Q2 includes the impact of the decline in demand from the previous year’s seasonal New Year’s card business and the one-time boost from the invoice system-related demand at Hanko-ya.com. Excluding these two factors, organic revenue growth was 16.1%, and the number of organic purchasers increased by 11.6%.

(Note 2) FY2025 Q3 had one fewer business day year over year due to the previous year being a leap year. This had an estimated impact of approximately 1%.

Source: CGS – Based on Company Material

CGS Financial Model

JPY mn	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY28E Base Case	FY28E Bull Case	FY28E Bear Case
Income Statement										
Sales	33,980	41,018	51,121	62,000	75,205	91,284	110,169	110,169	136,965	94,794
COGS	24,176	28,722	33,929	40,503	48,496	58,095	69,406	69,406	83,549	62,564
Gross Profit	9,804	12,296	17,192	21,497	26,709	33,188	40,762	40,762	53,416	32,230
SG&A	9,342	10,531	14,669	17,797	21,767	25,857	30,165	30,165	37,714	26,283
Operating Profit	462	1,765	2,523	3,700	4,942	7,331	10,598	10,598	15,703	5,947
Pretax Profit	497	2,502	3,430	4,498	4,799	7,290	10,563	10,563	15,661	5,913
Income Tax	-524	1,173	1,388	1,785	1,870	2,576	3,555	3,555	5,344	2,082
Minority Interest	0	0	-76	0	0	0	0	0	0	0
Net Income	1,021	1,329	2,118	2,713	2,929	4,715	7,008	7,008	10,317	3,830
EBIT	462	1,765	2,523	3,700	4,942	7,331	10,598	10,598	15,703	5,947
D&A	474	726	1,549	1,918	2,271	2,621	3,060	3,060	4,958	2,423
EBITDA	936	2,491	4,072	5,618	7,213	9,953	13,658	13,658	20,660	8,370
SBC Expense	695	652	473	350	400	400	400	400	400	400
EBITDA (ex. SBC)	1,634	3,145	4,547	5,968	7,613	10,353	14,058	14,058	21,060	8,770
EBITA (ex. SBC)	1,404	2,912	3,927	5,157	6,490	8,923	12,294	12,294	18,470	7,215
Net Income (ex. Goodwill Amort. & SBC)	2,036	2,518	3,533	4,170	4,478	6,306	8,704	8,704	13,084	5,098
Diluted Shares Outstanding	62	61	61	61	61	61	62	62	62	62
GAAP EPS (Diluted)	17	22	35	45	48	77	113	113	167	62
Cash EPS (Non-GAAP, Diluted)	33	41	58	68	73	103	141	141	212	82
DPS	0	0	2	3	3	5	8	8	33	3
Payout Ratio	0%	0%	5%	7%	7%	7%	7%	7%	20%	5%
COGS/Sales	71%	70%	66%	65%	64%	64%	63%	63%	61%	66%
Gross Margin	29%	30%	34%	35%	36%	36%	37%	37%	39%	34%
Other SG&A/Sales	27%	26%	29%	29%	29%	28%	27%	27%	28%	28%
OPM	1%	4%	5%	6%	7%	8%	10%	10%	11%	6%
EBITDA Margin	3%	6%	8%	9%	10%	11%	12%	12%	15%	9%
EBITDA Margin (Non-GAAP)	5%	8%	9%	10%	10%	11%	13%	13%	15%	9%
Cash Flow Statement										
Net Income	1,021	1,329	2,118	2,713	2,929	4,715	7,008	7,008	10,317	3,830
D&A	474	726	1,549	1,918	2,271	2,621	3,060	3,060	4,958	2,423
Changes in Working Capital	-314	170	-229	-246	-970	-1,247	-1,537	-1,537	-1,960	-1,497
OCF	837	2,902	2,705	4,537	4,008	5,564	7,917	7,917	12,235	4,427
CAPEX	-149	-152	-563	-1,200	-978	-1,187	-1,432	-1,432	-1,370	-1,612
FCF	688	2,750	2,142	3,337	3,030	4,378	6,485	6,485	10,865	2,816
Acquisitions	-2,176	274	-2,552	-2,024	-3,000	-3,000	-3,000	-3,000	-8,000	-1,000
Cash Dividends Paid	0	0	0	-182	-196	-316	-491	-491	-2,063	-192
FCF III (OCF - ICF -Div)	-1,971	3,199	-3,310	1,131	-166	1,062	2,994	2,994	802	1,624
Share Issuance (Repurchase)	91	-225	-629	-700	0	0	0	0	0	0
Issuance (Reduction) of Debt - Net	2,116	-2,013	6,302	-1,800	0	-500	-2,000	-2,000	-2,000	-2,000
Net Change in Cash	235	962	2,361	-1,369	-166	562	994	994	-1,198	-376
Conversion										
OCF/EBITDA	89%	116%	66%	81%	56%	56%	58%	58%	59%	53%
FCF/NI	67%	207%	101%	123%	103%	93%	93%	93%	105%	74%
Balance Sheet										
Cash & Cash Equivalents, ST Inv	13,682	14,644	17,014	15,645	15,479	16,041	16,473	16,473	10,063	16,081
Accounts Receivable	4,903	4,718	5,770	6,469	7,978	9,844	12,073	12,073	15,010	10,388
Inventories	209	295	804	769	1,057	1,429	1,902	1,902	1,602	2,571
Total Current Assets	19,660	20,589	24,981	24,625	26,678	30,003	33,751	33,751	31,003	31,652
Net PP&E	373	294	1,328	1,919	2,674	3,331	3,899	3,899	6,804	2,944
LT Investments	633	5,025	7,524	7,900	8,295	8,710	9,145	9,145	9,145	9,145
Intangible/Goodwill	5,206	4,623	8,322	7,315	8,267	9,175	9,979	9,979	18,226	6,681
Total LT Assets	8,973	12,076	18,882	18,962	21,192	23,308	25,263	25,263	36,415	21,009
Total Assets	28,633	32,665	43,863	43,587	47,870	53,311	59,013	59,013	67,418	52,661
ST Debt & Curr. Portion LT Debt	2,495	2,447	9,387	7,587	7,587	7,087	5,087	5,087	5,087	5,087
Accounts Payable	3,234	3,299	3,825	4,243	5,070	6,061	7,226	7,226	9,156	5,999
Other Current Liabilities	2,045	2,546	4,771	4,771	4,771	4,771	4,771	4,771	4,771	4,771
Total Current Liabilities	7,774	8,292	17,983	16,601	17,428	17,919	17,084	17,084	19,014	15,857
LT Debt	11,440	9,464	9,006	9,006	9,006	9,006	9,006	9,006	9,006	9,006
Total LT Liabilities	11,547	10,464	10,202	10,262	10,325	10,391	10,460	10,460	10,460	10,460
Total Liabilities	19,321	18,756	28,185	26,863	27,753	28,309	27,544	27,544	29,474	26,317
Total Equity	9,312	13,909	15,678	16,724	20,117	25,002	31,470	31,470	37,944	26,344
Total Liabilities & Shareholder's Equity	28,633	32,665	43,863	43,587	47,870	53,311	59,013	59,013	67,418	52,661
CCC										
Days of Sales Outstanding (DSO)	42	42.8	37	38	39	39	40	40	40	40
Days of Inventory Outstanding (DIO)	2	3.2	6	7	8	9	10	10	7	15
Days of Payables Outstanding (DPO)	42	41.5	38	38	38	38	38	38	40	35
Cash Conversion Cycle (Days)	2	4.5	5	7	9	10	12	12	7	20
	0	0								
ROE	11.8%	11.4%	14%	17%	16%	21%	25%	25%	32%	16%
ROIC (Incl. Cash on Invested Capital)	4.6%	3.7%	5%	7%	9%	12%	15%	15%	21%	9%
ROIC (ex. Cash on Invested Capital)	6.8%	5.3%	7%	9%	11%	15%	19%	19%	23%	12%
Cash ROIC (incl. Cash on Invested Capital)	6.8%	6.2%	8%	10%	12%	14%	18%	18%	25%	11%
Cash ROIC (ex. Cash on Invested Capital)	19.6%	14.2%	15%	18%	20%	24%	28%	28%	30%	19%
Net Debt / EBITDA	-1.7	-0.5	-0.2	0.2	0.1	0.1	-0.1	-0.1	0.3	-0.2
Net Cash per Share	-73	-63	-23	-16	-18	-1	39	39	-65	32

Disclaimer

This report was prepared by Capital Growth Strategies Co., Ltd. (hereinafter "CGS") at the request of the subject company (hereinafter "the Subject Company"). CGS has received compensation from the Subject Company for preparing this report, and may receive compensation for services other than report preparation as well.

This report is intended to provide reference information on the Subject Company and does not constitute, nor is it intended as, an invitation, recommendation, or advice for investment. Investment decisions should be made at the investor's own discretion and responsibility. The hypotheses, views, analyses, performance forecasts, etc., contained in this report are based on information obtained through public sources and interviews, and have been created by CGS, not by the Subject Company. CGS does not guarantee the accuracy or completeness of the information in this report. Any use of the information in this report is at the reader's discretion and responsibility, and CGS assumes no liability for any damages resulting from such use.

Intellectual property rights, including copyrights of this report, belong to CGS, and reproduction, modification, processing, sale, display, transmission, or distribution without prior written consent from CGS is strictly prohibited. Directors and employees of CGS may hold securities of the Subject Company. The content of this report is subject to change without notice.